

**Business, Politics and the Single Market:
Adjustment Strategies in the Regions**

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I. Interest Groups and Policymaking in the European Union

Europe's changing political landscape has been reported widely (Jones and Keating 1995; Sbragia 1992; Tsoukalis 1991). The "deepening" of integration in the European Union and trends toward political decentralization in member states have transformed the policymaking environment. New channels of influence have emerged at the supranational and subnational levels, and scholars have begun to question the continued relevance of traditional state-centric models of governance. An alternative, multilevel governance model, has been suggested. It is characterized by, "co-decisionmaking across several nested tiers of government, ill-defined and shifting spheres of competence..." (Marks 1993, 407). Skeptics argue, however, that key decisions remain at the state and inter-state levels (Moravscik 1993). Nevertheless, it is clear that policymaking in Europe has become more complex.

How do economic actors organize themselves and operate in the "New Europe"? Streeck and Schmitter foresee the end of corporatist patterns in Europe and the development of:

an American-style pattern of "disjointed pluralism" or "competitive federalism," organized over no less than three levels -- regions, nation-states, and "Brussels." As in the United States and perhaps more so, this system would be characterized by a profound *absence of hierarchy and monopoly* among a *wide variety of players of different but uncertain status* (Streeck and Schmitter 1991, 159).

The comparison to American patterns of interest intermediation seems justifiable, yet it is

questionable whether we really know what “American patterns” look like.

The American interest group literature speaks repeatedly of the “multiple cracks” available to political actors in federal systems (Grodzins 1967). More than forty years ago David Truman described “the multiplicity of points of access” in the United States (1951, 507). More recently, Clive Thomas writes:

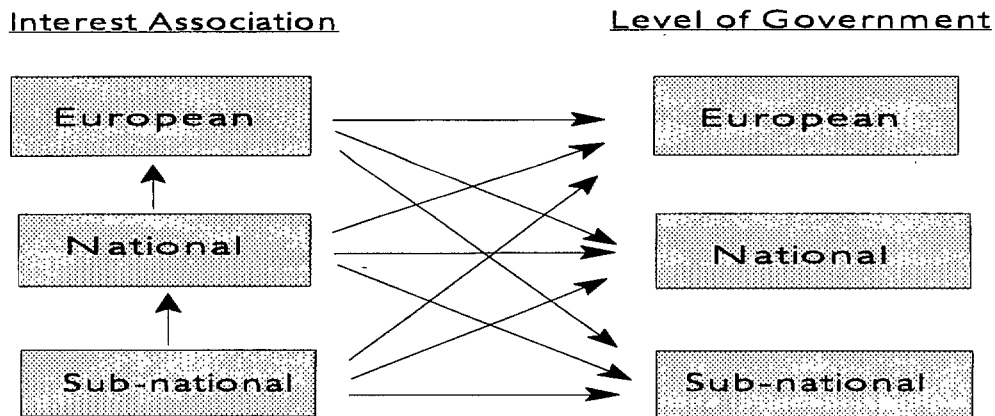
Generally, unitary systems restrict the access and particularly the influence points of interest groups, while federal systems provide multiple points of access and opportunities for influence--at the state/provincial level as well as at the national level (1993, 18).

The use of multiple channels to fulfill policy objectives is axiomatic to pluralist theory. Surprisingly, however, there is no empirical research which systematically tests this important theoretical proposition. Instead, US interest group studies have inappropriately chosen single governmental levels as self-contained units of analysis (Constantelos 1996b). Therefore we have no real understanding of how groups operate in multi-level systems.

In a multi-level governance model we would expect to see state and non-state actors interacting across different levels of government. The analogous model of interest representation could be called a “multi-level lobbying model”. In such a model we would expect to see interest groups organized at any level lobbying government at any level, as in Figure 1.

Figure 1

Multi-level Lobbying Model



Note: arrows indicate the expected direction of lobbying efforts.

Certainly this would mark a departure from the types of interest group patterns we have historically seen in Europe. Corporatist countries were defined by the existence of very orderly and hierarchical processes. But even in more pluralistic countries like France and Italy, subnational associations would traditionally confine their activities to their mandated jurisdictions. Confindustria, Italy's leading business association presents a typical model. A portion of Confindustria's organizational chart has been reproduced in Table 1. As can be seen from the organizational chart, functional responsibilities are demarcated clearly according to organizational unit and the targeted level of political activity. National-level associations are responsible for national affairs, while regional and provincial associations have responsibility for matters in their respective jurisdictions. Confindustria's national office and the national

Table 1

Division of Labor in Confindustria

<i>Matter</i>	<i>Unit</i>				<i>Note</i>
	<i>Prov. Assoc.</i>	<i>Categ. Assoc.</i>	<i>Region. Feder.</i>	<i>Confindustria</i>	
Legislative Action					
1. national intersectoral				●	
2. national sectoral		●			
3. regional	□	□	●	□	*Territorial for local matters *Category for sectoral matters
Economic Policy and Programming					
1. national intersectoral				●	
2. national sectoral		●		□	
3. regional	◇	□	●	□	*Category for sectoral matters *Confindustria for intersectoral
4. local	●	◇	□		
5. information and consulting in economic, fiscal, tax, or commercial matters	●	●			*Territorial for intersectoral matters *Category for sectoral matters

Key: ● Primary competence □ Coordination ◇ Consultation

Source: Confindustria Direzione Centrale Rapporti Interni, *Guida Organizzativa 1988* (Rome: Editore SIPI, 1988), 50.

sectoral associations also have consultative roles in most local and regional matters. The reverse, however, is not the case. *On national matters, the local territorial and regional associations have no competence whatsoever, not even consultative.*

According to this organizational structure, we would not expect lower level units to act independently at the national level. Instead, regional and local concerns would be conveyed to national policy makers through the national associational channels. It is appropriate to ask now whether the important economic and political institutional changes in Europe--economic liberalization and integration, the availability of structural funds, political decentralization--have altered the behavior of economic interest groups. In particular, will subnational groups abide by organizational structures which deny them direct access to national and European policy makers?

Is there empirical support of the multi-level governance model? There is mounting evidence that state and non-state actors are using a variety of subnational, national, and supranational channels to influence EU policy (Camerra-Rowe 1993; Greenwood, Grote and Ronit 1992; Marks 1993; Marks and McAdam 1993; Mazey and Richardson 1993) and that multi-level policy networks are developing (Bukowski 1997). In a Europe which increasingly displays federal characteristics we need to reexamine patterns of interest intermediation to see if Streeck and Schmitter's prediction of "transnational pluralism" is materializing.

II. Research Design

A test of the multi-level lobbying model can be undertaken by examining responses to

the Single European Act (SEA). The SEA is ideally suited as a case study because of its high visibility and clearly delineated time frame. The multi-level lobbying model would predict that economic actors use a variety of political strategies to adjust to increased economic liberalization and integration in Europe. More specifically, the model would predict that interest groups will cross territorial jurisdictions as they attempt to influence public policy. A comprehensive test of the model would examine interest group strategies at every level of organization, from local to supranational. Although a comprehensive analysis is beyond the scope of this paper, we are able here to examine the strategies of regional economic interest groups and their members. The primary research question is whether these actors pursue multi-level lobbying strategies. A quantitative analysis of this research question generated statistically significant findings in support of the multi-level lobbying model (Constantelos 1996b).² The approach in the present paper is to examine in greater qualitative depth the political strategies of economic actors undergoing the process of economic structural adjustment. Because groups face resource constraints we will want to pay particular attention to which governmental levels are favored by organized interests and how groups allocate their relatively scarce resources.

The comparative case study is conducted in the border regions Liguria, Italy, and Provence-Alpes-Côte d'Azur (PACA), France. Liguria and PACA are remarkably similar in their economic structure (Statistical Office of the EC 1993). Their economies have centered around their ports, heavy industry, and tourism, and they continue to be important commercial centers. Both regions qualify for EU Objective Two structural funds, for "converting regions

affected by industrial decline". They also display numerous other economic, social, and cultural similarities. This choice of case study regions provides several advantages when analyzing the factors which influence lobbying targets; such an analysis has been presented elsewhere (see Constantelos 1996a).³

I examine political and economic adjustment strategies to the SEA in paired cross-national comparisons of a leading industrial sector, chemicals, and an important service sector, tourism. The SEA affects these sectors in a number of ways, but its overall impact on chemicals and tourism was moderate. This makes for a more demanding test in comparison with sectors which were severely affected, in which you would expect to see more energetic political responses. The chemical sector has been one of the mainstays of the regional economy in Liguria and in PACA. It accounts for a little more than two percent of gross regional value added in each region. Tourism, of course, is a sector strongly identified with the two regions. Resorts dot the entire coastline of the two regions, and tourism is also important to the two regional capitals. The following sections examine economic conditions, interest group structure, and adjustment strategies in each of these sectors. Information on the adjustment strategies undertaken by interest groups and their members come from structured interviews with the presidents or directors of the regional associations.⁴

III. The Chemical Industry

The EU is the world's largest producer of chemical products. Seven of the world's top ten producers are European. The chemical sector has experienced a respectable 3.5 percent

growth rate since the 1970s, and it now accounts for about 10 percent of value-added in EU manufacturing. This is a highly diversified sector, with sub-sectors ranging from basic chemicals to end-use products such as pharmaceuticals and cosmetics (Commission 1991a). The basic chemicals sector, experiencing chronically volatile prices, and operating on relatively slim profit margins, more recently has been facing increasing global competition. In response to these conditions, many of the chemical giants have diversified through the takeover of downstream firms, thereby obtaining greater market stability (de Ghellinck 1991).

Germany is by far the largest European producer (27 percent of total in 1989), and it is home to the EU's three largest firms: BASF, Bayer, and Hoechst. France ranks a distant second, with 17 percent of production, while Italy and the UK are tied at 13.9 percent shares (Commission 1991a). Rhône-Poulenc is by far France's largest chemical firm, yet it is only half the size of any of the "Big Three" German firms.

The Italian chemical sector is highly concentrated. Enichem and Ferruzzi-Montedison, the giant state and private firms, dominated the Italian market for many years. The 1988 merger of these two firms was intended to eliminate redundancies in the Italian market and to create a firm capable of competing worldwide. The Enimont joint venture created one of the world's largest chemical companies. It controlled more than 30 percent of the domestic market (Lask 1988). Fraught with political and financial controversy, the company is now back under the control of Enichem.⁵ Small and medium producers operate primarily in the national market; exports account for 25 percent of total sales, which is less than half the ratio of the other major EU countries. Chemicals experienced the highest rate of mergers and acquisitions

of all industrial sectors in Italy, which is seen by analysts as a defensive response to the single market (Buigues, Ilzkovitz, and Lebrun 1990).

The chemical industry was affected by a wide range of single market directives. The liberalization of transport regulations and the liberalization of energy markets were predicted to reduce operating costs for the sector. Numerous directives harmonize health and safety standards, while others address environmental regulations.⁶

The medium-term economic impact of the changes would vary depending on sub-sector, size, and existing national regulations. Basic and other industrial chemicals (NACE 251 and 256) are sub-sectors which were projected to be impacted moderately by the SEA. Production in these areas is dominated by Europe's largest firms. The giants, especially those vertically integrated with energy companies, would expect little change since they were already integrated into European and global markets. The sector is highly capital intensive, which also provides advantages to larger firms. Medium sized firms tend to specialize, and the SEA's impact depended on the particular area of specialization. The pharmaceutical sub-sector was characterized by a high level of non-tariff barriers, and it was expected to experience a "major impact." This was not the case for many other end-use products, such as soaps and cosmetics (Buigues, Ilzkovitz, and Lebrun 1990).

The chemical industry is an important sector to both PACA and Liguria. The sector's high reliance on raw materials led to development of numerous chemical sub-sectors, which are concentrated near the ports of Marseilles and Genoa.

PACA

The chemical sector is an extremely important economic sector in PACA. Its share of national production is higher than that of any other sector in the region (INSEE 1993). In 1989 some 600 firms employing 22,758 workers produced about 12 percent of basic chemicals in France, and accounted for 10.2 percent of exports, up from 8 percent in 1986. Chemical exports comprise 28.7 percent of the value of PACA's total industrial exports. The region is especially strong in the production of basic chemicals; less so in plastics and refined products (URIP data). Numerous multinationals have production facilities in PACA, including ARCO, BP, Shell, and Elf Atochem. Firms are concentrated in the industrial zones surrounding the Port of Fos, to the west of Marseilles.

The *Union Régionale des Industries de Procédés des Régions Provence-Alpes-Côte d'Azur et Corse* (URIP/PACA) represents chemical and affiliated industries, including basic chemicals, plastics, and paints and varnishes. The largest division of URIP is the *Syndicat Général des Industries Chimiques* (SGIC), the regional branch of the national chemical association, the *Union des Industries Chimiques* (UIC). UIC belongs to the European level *Conseil Européen des Fédérations de l'Industrie Chimique* (CEFIC). The SGIC is composed of 110 enterprises, about 80 percent of the firms in the region, which, according to the association, "hold 90 percent of the power".

The association's assessment of the single market was largely optimistic. The large firms, already having two decades of export experience, anticipated increasing their European market shares. Smaller firms operate primarily at the regional level, and they export relatively

little. The association expected no major market shifts resulting directly from the single market initiative. Nevertheless, member firms took numerous steps to strengthen their position in the single market, including: investment in new facilities, vertical integration, development of new commercial links outside (but not inside) the EU, and mergers and acquisitions.

Adjustment to the SEA also included a political response. Chemical firms reportedly contacted the city, the department, and the region on various matters relating to the single market. The union's lobbying efforts at the regional level emphasized three areas: 1) "measures to ensure survival", such as a reduction of the professional tax, 2) the development of new industry, especially further regional investment around the Fos industrial zone, and 3) assistance to meet new EU environmental standards.

The Union and its members have been very active politically. The Union has engaged in each of the political activities listed on the questionnaire, including lobbying at every level of government, participation in regional committees, public relations campaigns, legal actions, and occasional demonstrations. They have frequent contacts with each of the subnational levels of government. They represent firms in three-way negotiations with land owners and the city on zoning and other land use issues. The union is also in contact with the department on various economic development projects. But it is with the regional government that the union has the greatest number of contacts. Relations with the regional government are described as very close, and the union claimed that, "we got everything we asked for" in the Tenth Regional *Contrat du Plan*. The Union also has regular, but less frequent, contacts with the national government, and infrequent (but not inexistent) contacts at the European level.

Liguria

In general, Ligurian producers manufacture products for end-users rather than for industrial markets. While most of the companies are Genoese in origin, many have been purchased by British, French, and other European firms. The sector is highly export oriented.

Chemical firms are concentrated in the cities of Genoa and Savona. Nearly 70 percent of the chemical companies in Liguria are located in the province of Genoa, but Savona is the home to the largest firms, including 3M Italia and ACNA, and Savona accounts for nearly 60 percent of regional employment in the sector (Rosa and Sola 1992). The sector experienced steady growth during the 1980s. However, growth was stimulated by capital investment, and employment fell during the decade (see Table 2).

Table 2

Value Added and Employment in Liguria's Chemical Sector
(value added in billions of lire, constant 1985 values)

<i>Year</i>	<i>Value added</i>	<i>Employees</i>
1980	327.4	--
1981	347.8	8499
1982	394.0	--
1983	378.2	--
1984	405.8	--
1985	442.1	--
1986	600.4	--
1987	643.2	--
1988	819.8	--
1989	687.7	--
1990	867.8	--
1991	667.1	5880
1992	843.7	--

Source: ISTAT, Conti Economici Regionali, anni 1980-92 (Rome: ISTAT, 1995), 72; ISTAT, Imprese Istituzioni e Unità Locali, vol. 7, Liguria (Rome: ISTAT, 1995).

The chemical industry section of the Industrial Association of Genoa represents fifty firms, employing about 1500 employees. They represent an extremely high proportion of the chemical firms of the province--all but one of the major chemical companies belong to the association. Firms are organized in three sub-sections: paints (especially boat varnishes), cosmetics, and a third group of various other producers. Many firms are also members of the national trade association, *Federazione Nazionale dell'Industria Chimica* (Federchimica), which is in turn a member of Confindustria and the European Chemical Industry Council (CEFIC). Federchimica (earlier, Aschimici) is a federation of seventeen sub-sectoral associations, which

are further sub-divided into 37 product groups. Founded in 1945, it now counts about 1300 firms in its membership. The 1984 transformation of Aschimici into Federchimica was motivated by the desire to rationalize Italy's chemical sector, which had been characterized by oligopolistic and highly politicized competition between ENI and Montedison. Federchimica is an exceptional trade association in Italy because it includes in its membership both private and state-controlled firms. The association's reorganization increased the sector's autonomy from the Italian political parties and it strengthened the international position of Italy's chemical firms. The medium and small business association Confapi also has a chemical section, the Unionchimica (Chiesi and Martinelli 1989; Grant, Martinelli, and Paterson 1989).

The Chemicals Section did not expect to see major changes resulting from the single market program. Regulatory changes in the safety of products and production processes were seen as having the greatest impact, but the section did not foresee this having a measurable impact on either domestic or export markets. The longer term downward trend underlay the section's analysis: "The chemical industry [in Liguria] has been contracting for some time now; the SEA should have no significant market effect in the short term." And accordingly, the section made no specific overtures to government on anything specifically related to the SEA.

Member firms, on the other hand, reportedly followed a number of economic adjustment measures in response to the SEA, including plant investment, process innovations, product diversification, and various productive and commercial ventures with other firms. Firms were also very active politically--they were in contact with every subnational level of

government and the central government.

Even though the sector is regulated primarily at the national level, the Section contacted national politicians infrequently, leaving this instead to the politically influential Federchimica. They are also in contact with Europarliamentarians, although not on a frequent basis. On the other hand, the section reported “frequent” contacts with the region, the province, and the city. Many of their actions have been defensive, on issues relating to zoning and other land use and environmental regulations. Despite their concerted efforts, the industry has found itself on the losing side in its battles against what it describes as “a strong left/green/tourism coalition.” Excessively harsh environmental regulation is the Section’s explanation of why there has been minimal investment in the region.

IV. The Tourism Sector

The tourism sector (EU NACE code 66) is one of the leading economic sectors in Europe. In 1988 tourism, broadly defined, accounted for 4.5 percent of GNP in Italy, and 9 percent in France. Worldwide growth rates of about 5 percent are projected through the end of the decade, and by the year 2000 tourism is projected to be the largest economic sector in Europe (Commission 1992). The sector is highly seasonal, and it is also highly volatile: the Gulf War, for example, cut dramatically into the earnings of tourist operators in southern Europe.

At present the European tourist trade is highly fragmented, across national lines and across the various sub-sectors. However there are many indications that the trend is toward

consolidation and integration, along American lines. In the hotel sector, France and Italy continue to have a disproportionately high percentage of hotels in the lower quality categories (Commission 1992). Liguria and PACA have long been leading tourist destinations. However both regions, along with much of the rest of Europe, saw receipts drop significantly during the early 1990s recession.

The tourism sector was the target of several single market directives. For example, there are new regulations concerning hygiene and fire prevention for hotels and other commercial establishments. There are also newly standardized information requirements for existing hotels. Other directives harmonize regulations for the package travel sector (Devinney and Hightower 1991, 229, 236, 243). Yet the economic impact of these directives is minor. Of much greater import are the single market measures which affect the sector indirectly, such as the liberalization of transport and finance, and the elimination of border controls. Industry experts had difficulty evaluating the economic impact of these indirect regulatory changes. Generally it was expected that the Single Market would attract investment from large chains and that the smaller independents would have to improve in quality to compete (Commission 1992).

PACA

PACA is France's third leading region in terms of tourism receipts. In PACA one finds more than 15,000 cafes, bars, and restaurants and approximately 4,500 hotels. The employers' association for the tourism sector is organized at the departmental rather than the regional level. In the Bouches du Rhône, the *Union des Cafetiers, Hôteliers, Restaurateurs des BDR* represents

independent hotel and restaurant owners. The Union is a branch of the national *Fédération Nationale de l'Industrie Hôtelière de France et d'Outre-Mer* (FNIH; founded 1946). The Union represents 35 percent of the independent hotels, and 26 percent of the restaurants in the region (see Table 3). The Union's budget in 1992 was a little more than \$400,000 (Union CHR data).

Table 3

French Tourism Association, Local Membership and Density

	<i>Total BDR</i>	<i>Membership Union CHR</i>	<i>Density</i>
Hotels	1087	376	35%
Restaurants, Cafes, Bars	5399	1412	26%
Total	6486	1788	28%

Source: L'Industrie Hôtelière, no. 462, November 1992, 20.

A separate association, GNCH, represents the hotel chains. The relationship between the two has often been competitive, but recently they have agreed to collaborate at the local levels in numerous areas of common interest.

The Union did not expect the SEA to have a discernable impact on earnings. The recession seriously depressed tourism revenues, and smaller independent operators had the greatest difficulty. Economic conditions were seen as sufficiently poor to discourage entry of foreign companies.

The city and the department are the governments most involved in day-to-day affairs

for the sector, and the Union's contacts are primarily at these levels. The city has an office of tourism, and the department has a promotional budget, and has responsibilities in the areas of roads, camping, guest houses and rural lodgings (Bioulac 1992). The regional government has a regional tourism committee which has as one of its responsibilities the review of dossiers for funding consideration under the national plan.

The only significant action tied directly to the SEA which the Union pursued was the attempt to obtain new sources of investment capital, the lack of which was identified as the major problem facing local operators. There is a national plan for the renovation of family establishments, but member firms were not actively participating in this program; earnings were low during the recession and businesses were reluctant to make new investments. The Union's efforts focussed, therefore, on trying to get a commitment from the regional government to release monies for a larger loan fund for capital improvements. Overall, the Union was dissatisfied with the regional government's efforts. As for the national and European levels, the Union has generally relied on the national association as its conduit.

Liguria

Although Liguria also is rich in natural splendor and in tourist attractions, the tourist industry had faced many years of stagnation. The sectoral downturn is evident in the numbers of hotels and hotel beds, seen in Table 4. Both absolute numbers and the regional share have declined since the peak of the mid-1970s.

Table 4

Tourism Sector: Hotel Occupancy Trends in Liguria

<i>Year</i>	<i>Hotels</i>		<i>Beds</i>	
	<i>No.</i>	<i>As % of Italy</i>	<i>No.</i>	<i>As % of Italy</i>
1956	1860	6.8	51,597	9.1
1965	3186	8.6	84,757	9.3
1975	3127	7.3	102,509	6.9
1985	2575	6.7	91,952	5.7
1988	2353	6.3	95,195	5.7

Source: Mauro Palumbo 1991. "L'andamento e la struttura dell'offerta turistica in Liguria." *Studi e notizie ilres* 23 (July-Sept):73.

Regional officials believe that Liguria may have fallen victim to its own success--an ironic fate that befalls many tourist destinations. But "maturation" is not the only factor implicated in the decline. One report indicates that pollution and overdevelopment are the reasons why foreign tourists have chosen alternate holiday destinations--foreign arrivals constituted only 10 percent of visitors by the end of the 1980s, compared with about 25 percent in the 1960s (ILRES 1990, 223). The regional government's response to this downturn has been diversification, and it has focussed promotional efforts on Liguria's undeveloped interior, and on Genoa's historic center, which received an enormous boost with the commemorations in 1992 of the quincentenary of Columbus's New World expedition.

The *Unione Regionale Ligure Alberghi e Turismo* (URLAT) is the regional union of provincial hotel and tourism operators, and a branch of the national *Federazione delle*

Associazioni Italiane Alberghi e Turismo (FAIAT) [Federation of Italian Hotels and Tourism Associations]. According to URLAT statistics, their membership includes 1800 of the 2200 hotels operating in the region.

Members would bear certain regulatory cost increases from the SEA, but the union expected the SEA to have a positive impact on tourism in Europe because of the increased circulation of people, especially in business and educational travel. The Union also expected some financing from the EU to be made available through the regional government for facilities improvements, especially hotel modernization.

The Ligurian tourist trade competes directly with other Mediterranean locations, including Spain and Greece, the latter having a sizeable price advantage over Liguria. But it is with PACA that Liguria competes most directly. Industry officials expressed concern that PACA had numerous advantages over Liguria, including better roads, railways, and hotel quality, and they feared that the French riviera would capture the bulk of any market growth. The Union felt that future growth depended on new initiatives in numerous public policy areas, including road improvements, the completion of the second rail through Imperia, stricter environmental legislation, and much better tourist promotion by the region.

Although URLAT had taken no political actions related specifically to the SEA, its members were reportedly in contact with city, provincial and regional officials on a variety of particularistic matters related to the changing European market. And a number of firms were the beneficiaries of EU funding through the Integrated Mediterranean Programmes. As for larger-scale regional initiatives to modernize the sector, the regional government had done

“*niente*”, according to a senior URLAT official.

While every level of government is in some way involved in tourism, traditionally it has been the Ministry of Tourism which has controlled resources and regulation of the sector. URLAT leaves national policy matters, however, entirely in the hands of the national association, with whom it is in frequent contact. Regulation of the sector was on the verge of dramatic change, however, with the 1993 referendum which called for the abolition of the Tourism ministry and the devolution of its authority to the regional level.

The subnational levels are all involved directly in tourist promotion, and they have various powers which affect the sector indirectly, for example transportation, zoning, environmental regulation, and territorial planning more generally. The Union is politically active at all three subnational levels: they reported lobbying city, provincial, and regional *assessori* “frequently”. Relations with the region have been good, but it is claimed that at the regional level tourism has “little political clout, and even fewer resources”. Less than 0.5 percent of the regional budget goes to tourism. URLAT’s lobbying efforts at the regional level have been aimed at persuading the region to direct resources into a revolving loan fund which could be used by the industry for capital improvements. Existing regional legislation permits firms to borrow up to Lire 36 million (about \$22,000), which is “enough to renovate just one room!”

In summary, the sector is vitally important to the region, yet few resources have been made available for modernization. The Union was optimistic about the SEA, but felt that its impact would very much depend on the region’s role as it assumes new authority in the

administration of the sector.

V. Conclusions

The case studies of chemicals and tourism provide empirical support for the multi-level lobbying model. Interest groups in the chemical sector in France and in Italy have been in contact with every level of government, from local to supranational. As would be expected, the regional business associations were in much more frequent contact with subnational levels of government than with the central governments. Nevertheless, it is clear that these interest groups attempt to influence public policy across the entire national territory.

Even though the tourism sectors are affected by many national regulations, the markets are localized, and the tourism associations' lobbying efforts were multi-level, but confined primarily to the subnational levels. The regional tourism associations relied on their national associations for representation at the national and supranational levels.

Business associations and firms in the chemicals sector have been in direct contact with EU representatives. The studies therefore provide some evidence that patterns of transnational pluralism are indeed emerging in Europe. Interest groups use a variety of political and economic strategies in response to the deepening of integration. Political patterns that were once predictable have become disorderly. Although these studies of interest group strategies do not provide a basis for drawing conclusions about policy outcomes or the nature of decision-making in the European Union, the multi-level lobbying patterns displayed by these interest groups are certainly consistent with Marks' description of decision-making across '...ill-defined

and shifting spheres of competence' (1993, 407).

That interest groups pursue multiple channels of influence is not at all surprising, and it is consistent with pluralist theory. Governments at all levels have resources and policy instruments which have an impact on political and economic outcomes. What is surprising is that interest groups engage in multi-level lobbying even when they have organizational affiliates at other territorial levels. They do not limit themselves to their own geographical jurisdictions, as the associations' own organigrams would suggest. Regional interest groups use national associational channels for many national policy matters, yet they are also in direct contact with national and supranational officials.

The member firms of these associations face financial constraints, but their political strategies are not limited by organizational operational procedures. Firms also displayed multi-level lobbying patterns, which for the most part, resembled those of the business associations.

The overall picture is one of a multi-level pluralist model of interest intermediation, with interest groups selectively applying pressure depending on the general powers and the specific sectoral powers of the different levels of government. Fragmentary evidence indicates that this trend is also appearing in the United States. Not only are subnational interests mobilizing across numerous fronts, but likewise, so also are national interest groups descending to state and local levels to take action on a variety of issues (Petracca 1992).

To conclude, this research raises questions about the way we have been conducting interest group research in multi-level polities. The methodological shortcomings typical of most research in this area can easily lead to spurious conclusions about the role of non-state

actors in policymaking. It is doubtful that we can understand interest group strategies by studying individual levels of government in isolation of one another. *Multi-level governance calls for multi-level interest group models.*

NOTES

1. I gratefully acknowledge support for this research from the Fondazione Giovanni Agnelli, the European Policy Unit of the European University Institute, the U.S.-Italy Fulbright Commission, and Duke University.

2. A case study of the construction sector also was undertaken.

3. This choice of case study regions provides two benefits for purposes of research design. Because they are so similar, we can hold other factors constant and examine more closely the impact of different political institutions and regulatory patterns (Collier 1991; Lijphart 1971; Ragin 1987). The pairing of France and Italy also provides us with the opportunity to conduct a "crucial" test of the significance of regional autonomy. Regions in these countries have a variety of consequential powers related to economic development, in the areas of agriculture, tourism, business development, transportation, and job training (Leonardi and Nanetti, 1990; Muret and Peyré, 1992; Nanetti, 1988; Schmidt, 1990). This comparative case study is described as crucial because Italy is only slightly more decentralized than France (Constantelos 1996a).

A number of factors may be important in explaining the choice of lobbying target, including: the economic structure of the sector, the interest group's internal organizational structure, as well as political institutional factors, such as the territorial distribution of power. A multivariate analysis which attempts to explain the strategic choices of interest groups is found in Constantelos (1996a).

4. Personal interviews were open-ended and focussed on the economic impact of, and the association's responses to, the SEA. The interviews were followed by a written questionnaire with closed-ended questions on the same topics. The interviews were held in May and June of 1993.

5. Montedison's chief executive Raul Gardini attempted, but failed, to secure a controlling interest in the company. Over \$90 million in kickbacks were paid to Socialist party leader Bettino Craxi and other politicians to secure favorable terms for the \$1.9 billion repurchase of Montedison's share of the venture in 1990. Gardini committed suicide while under investigation for the corruption charges (Glover 1993; McCarthy 1995, 98-100).

6. New regulations call for improvements in machine safety and in chemical testing practices. Certain chemicals are banned, while other dangerous substances are subject to new restrictions on marketing and sales. The marketing and use of PCBs is restricted (Devinney and Hightower 1991, 243).

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